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EX PARTE OR LATE FILED

February 24, 1998

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St., N.W.
Washington D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: CC Docket No. 94-129 - In the Matter of the Subscriber Carrier Selection Changes
Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning
Unauthorized Changes of Consumers' Long Distance Carriers

Dear Ms. Salas:

On February 23, 1998, Sandra McGreevey, Pacific Bell and Barbara Wilkinson, Southwestern Bell Telephone Company and the undersigned of SBC met with Mr. Tom Power, Legal Advisor to Chairman William E. Kennard to discuss SBC's efforts to combat and prevent slamming. The attached document provides a summary of the discussion.

In accordance with 47 C.F.R. 1.1206(a)(1) of the Commission's Rules, the original of this letter and one copy are being filed with your office. Acknowledgment and the date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely,

Attachment

CC: Mr. Thomas Power
Ms. McGreevey
Ms. Barbara Wilkinson

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SBC Companies
February 23, 1998 - Ex Parte Presentation
CC Docket 94-129

Slamming continues to be a significant problem for consumers nationwide, and for Southwestern Bell, Pacific Bell and Nevada Bell customers.

SBC will continue to be an outspoken advocate to combat and prevent slamming: to educate consumers and policymakers.

- Continue a major public education campaign called "Hang Up On Slamming" to educate customers in Texas, Oklahoma, Missouri, Arkansas, Kansas, California and Nevada about the issue of slamming and how to prevent it.
- Distribute a free informational brochure on slamming to any one who wants more information. The brochure details consumers' and business' rights and offers tips on how to guard against slamming.
- Switch customers back to the preferred provider when they have been slammed and assist customers in having the offending company adjust charges during the slammed period so customers will not have to pay more than they normally would have been charged.
- Upon request, customers have the option to prevent changes to their long distance provider without their express authorization.

Slamming Survey -- What Do Consumers Want

To better understand what its customers think about the problem of slamming and the need for solutions, SBC Communications Inc. commissioned a telephone survey of 1,210 customers within its Southwestern Bell, Pacific Bell and Nevada Bell regions. The survey, which was conducted in late December 1997 and early January 1998, has a statistical error rate due to random sampling of no more than three percentage points.

The survey shows the need for consumer protection against slamming. Consumers want telecommunications choice and they want their choices respected. In addition the survey shows consumers are worried about slamming, and they expect the slamming problem to get worse. Consumers believe that telephone companies should be required to get personal authorization before changing a customer's local or long distance carrier. They are primarily looking to the telephone companies for solutions, but also to the government for regulation and enforcement. And finally, consumers want the offending companies punished. Following are specific highlights of the survey.

| Customers: | Southwestern Bell | Pacific Bell |
|--|-------------------|--------------|
| • Are familiar with slamming | 70% | 56% |
| • Have been slammed, or know someone who has been slammed | 39% | 30% |
| • Want their telecommunications choices respected | 98% | 98% |
| • Are worried they will be slammed | 51% | 49% |
| • Expect slamming to get worse | 77% | 77% |
| • Feel that personal authorization should be required before changing service to another carrier | 91% | 93% |
| • Are looking most of all to telephone companies for solutions | 93% | 92% |
| • Are looking to government for solutions, including laws and regulations | 85% | 86% |
| • Want offending companies punished | 94% | 94% |

Enforcement is the most effective deterrent against slamming and other deceptive practices of unscrupulous companies.

- Recent changes in Texas law prohibits slamming of local and long distance companies. Effective September 1, 1997, the Texas Public Utility Commission is allowed to fine a phone company up to \$5,000 a day for each slamming violation.
- Enforcement action by the California Public Utilities Commission (CPUC) coupled with third party verification requirement of SB1140 which began effective January 1, 1997 has reduced slamming complaints. As of December 1997, Pacific Bell has experienced nearly a 50% reduction in long distance slamming complaints from 1996. The CPUC has formally investigated 11 companies with enforcement actions consisting of consumer remediation, penalties, and/or suspension of right to operate in California.
- As effective as these measures have been in reducing slamming in California, the problem continues at significant levels. During 1997, Pacific Bell alone handled 133,000 slamming complaints.

SBC proposes that all carriers, even those that slam only one customer, must:

- Reimburse the customer for charges over and above what the original carrier would have billed as well as any fees associated with changing carriers
- Reimburse the original authorized company for all lost revenues for the slammed period, including any and all associated costs
- Reimburse the local phone company for any and all expenses associated with the slams, including cost of investigating disputes and correcting service

SBC proposes a three-part penalty system ("Three-Strikes-and-You're Out") to crack down on slamming without unduly burdening providers who respect the interests of the consumers

- Strike 1 - Probation
- Strike 2 - Penalty
- Strike 3 - Punishment (increased penalties and revocation of registration)